

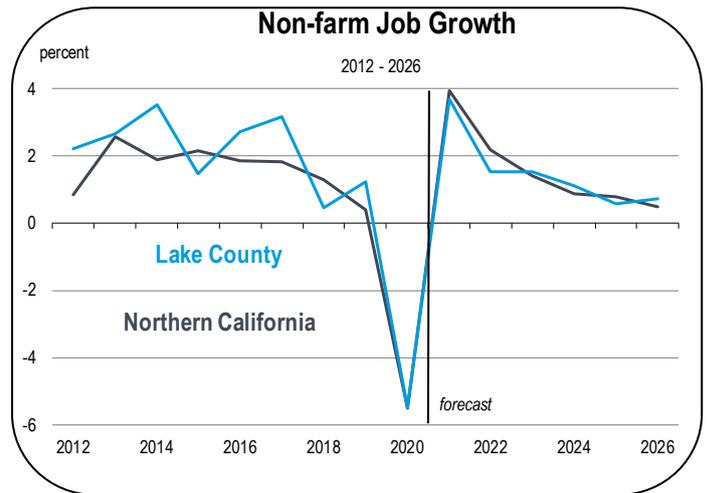
Lake County Economic Forecast

Forecast Summary

- On an annual average basis, 600 jobs will be restored in Lake County during 2021, representing approximately two thirds of the jobs that were lost in 2020.
- Another 250 jobs will be recovered in 2022 and a full labor market recovery is expected by 2023.
- Over the 2021-2026 forecast period, government, leisure services, and healthcare will be responsible for virtually all job growth.
- The unemployment rate averaged 9.6 percent in 2020. It is forecast to average 7.0 percent in 2021 and 5.6 percent in 2022.
- The Lake County population is expected to decline during the forecast period and could continue to decline over the long term (through at least 2030).
- The median home price increased by 9 percent in 2020. Home prices are forecast to rise even faster in 2021 and 2022, increasing by more than 10 percent annually.

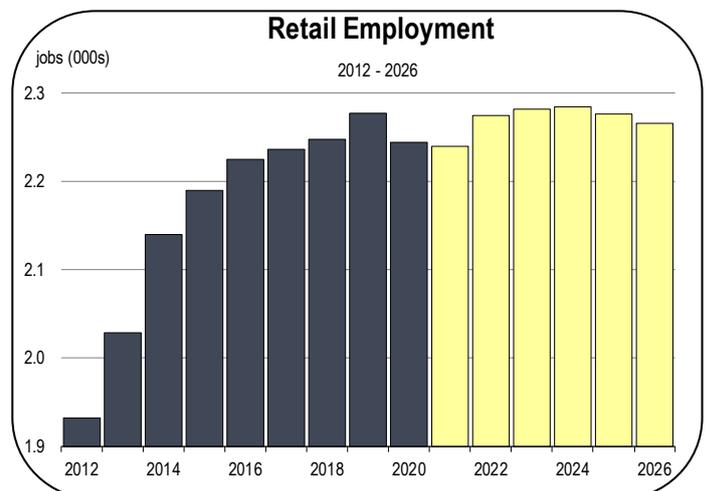
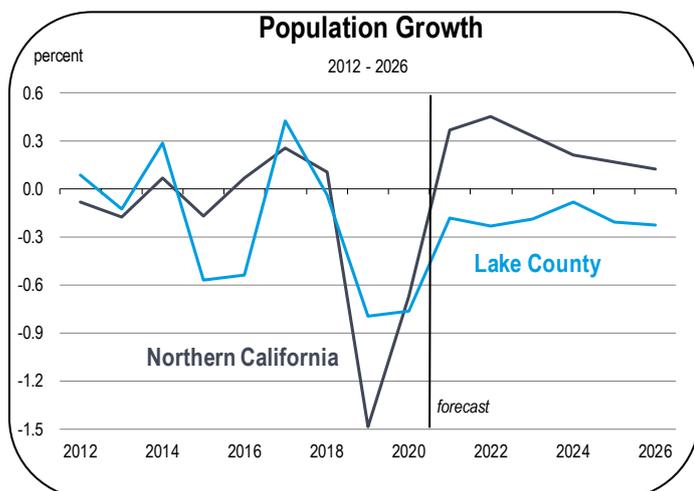
Job Growth

- Total employment in Lake County will expand by 3.6 percent in 2021 on an annual average basis.
- Between 2022 and 2026, job growth will average 1.0 percent.

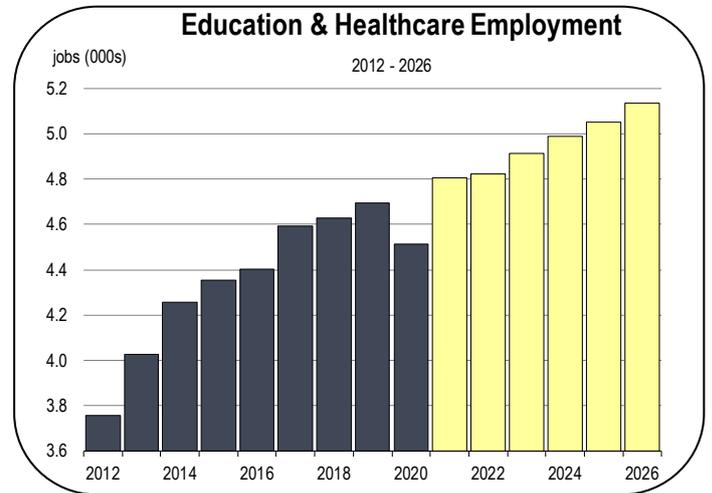
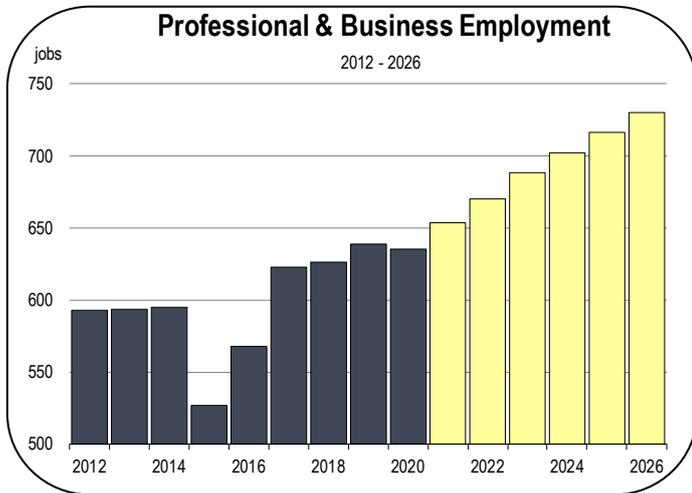


Retail Trade Employment

- The retail industry will begin to rebound in the second half of 2021, with annual average employment returning to pre-pandemic levels by 2022.
- The Lake County retail industry was already under pressure before the onset of the Coronavirus Recession, which led to a slowdown in job creation.
- Because of competition from online stores, fewer jobs have been created at local brick-and-mortar shops, and the transition to online shopping will prevent additional gains over the long term.



Lake County Economic Forecast



Professional and Business Services Employment

- The professional and business services sector has a wide array of companies, and most fared well during the ups and downs of 2020.
- Lake County has a growing professional business services industry that will expand faster than almost any other sector between 2021 and 2026.
- Jobs in the professional business services sector tend to pay higher than average wages, and as it captures a larger share of the overall labor market, this industry will contribute to rising incomes in the county.

Private Education and Healthcare Employment

- The healthcare industry employs more workers than any other sector of the Lake County economy.
- Because a large share of the Lake County population is in retirement age, the local economy has a meaningful number of jobs in nursing homes, senior centers, and hospitals.
- Across all corners of the healthcare industry, 600 jobs could be restored or created by 2026.



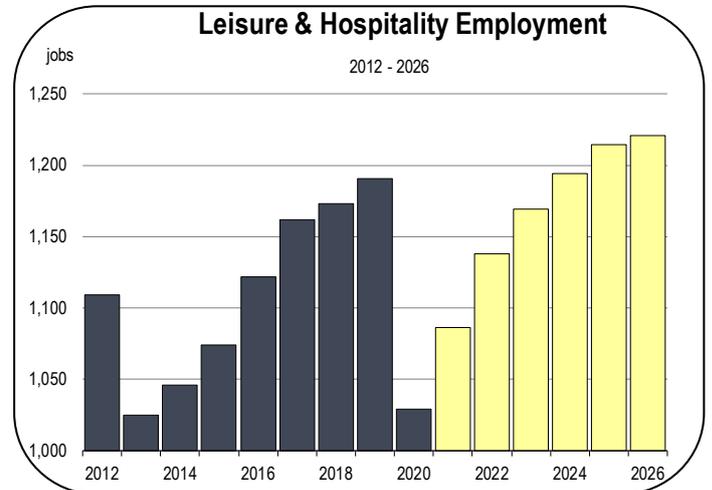
Healthcare accounts for a major portion of the Lake County job market, employing more than 4,400 workers in 2020. The largest hospitals are Sutter Lakeside Hospital and Adventist Health Clearlake. Each of these organizations directly supports between 250 and 500 jobs. Aside from hospitals, there are a number senior care and retirement facilities that employ between 50 and 250 employees.

Lake County Economic Forecast

- In Lake County, there very few jobs in private educational institutions. Most teachers and education administrators work in the government sector.

Leisure and Hospitality Employment

- Clearlake is the largest tourism attraction in Lake County, and the summer fishing season is the peak for visitor traffic.
- Each year, thousands of tourists descend upon the towns around Clearlake to boat and fish in the lake, and to visit the dozens of wineries in the area.
- Travel activity was severely restricted in 2020 by the Coronavirus Pandemic and California's stay-at-home orders.
- There has been anecdotal evidence that visitors defied the travel restrictions to visit the Lake County area during 2020, but most of these visitors did not stay in local hotels, eat at local restaurants, or shop at local stores, and therefore contributed very little to the vibrancy of the Lake County economy.
- In 2021 and 2022, it is expected that tourism activity will begin to return to normal, and that local leisure and hospitality businesses will generate higher levels of revenue and re-hire staff.

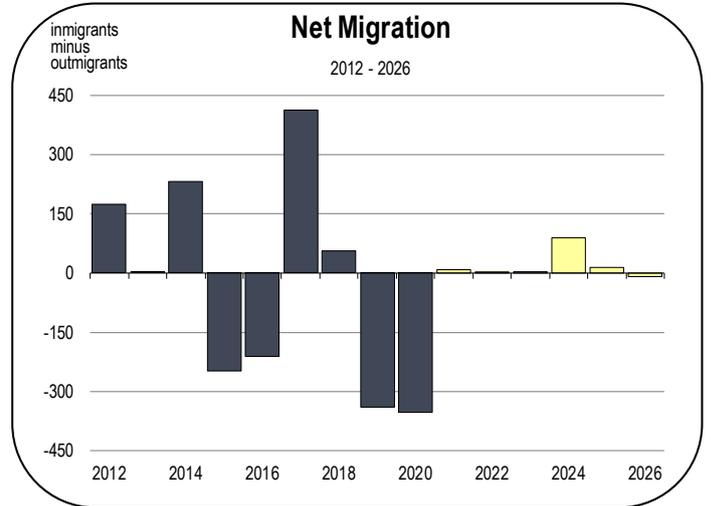
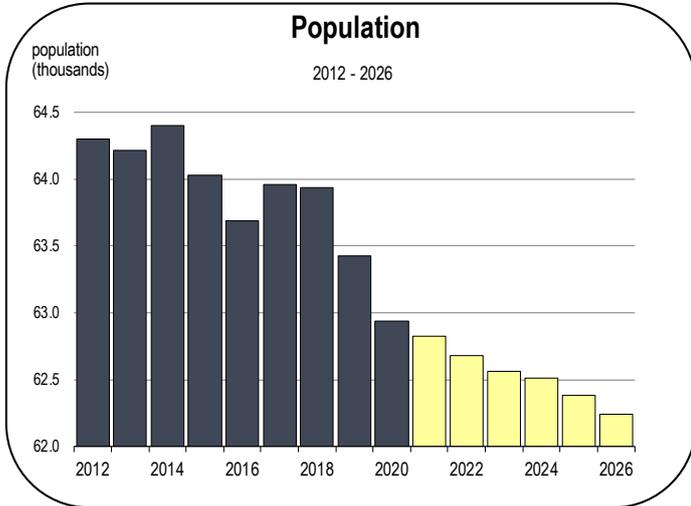


- A full recovery in leisure and hospitality employment is expected by 2024 or 2025.
- Over the long term, new hotel and resort developments could lead to a larger expansion of the leisure and hospitality sector.
- More than 700 new hotel rooms could be built in the next decade, significantly expanding visitor capacity and generating millions of dollars of economic activity.



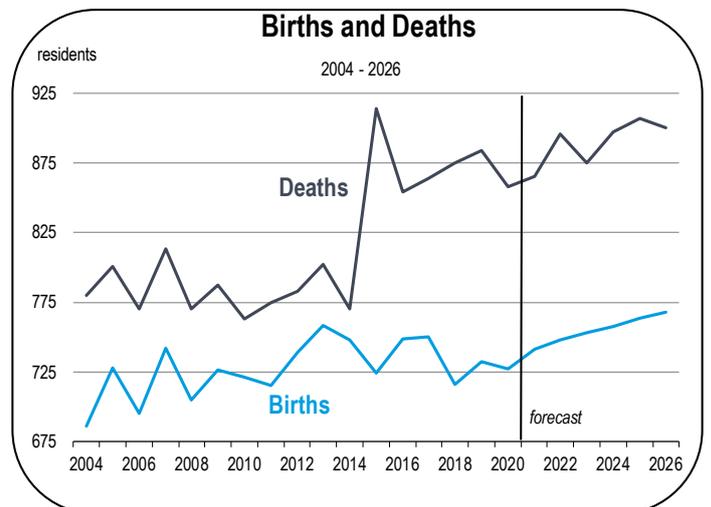
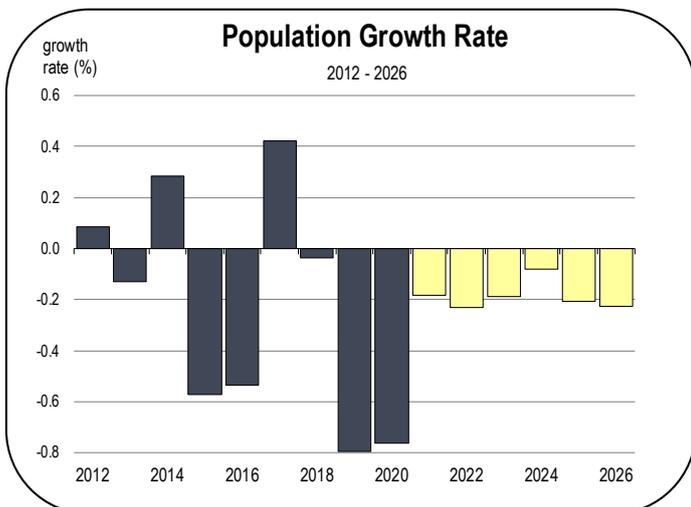
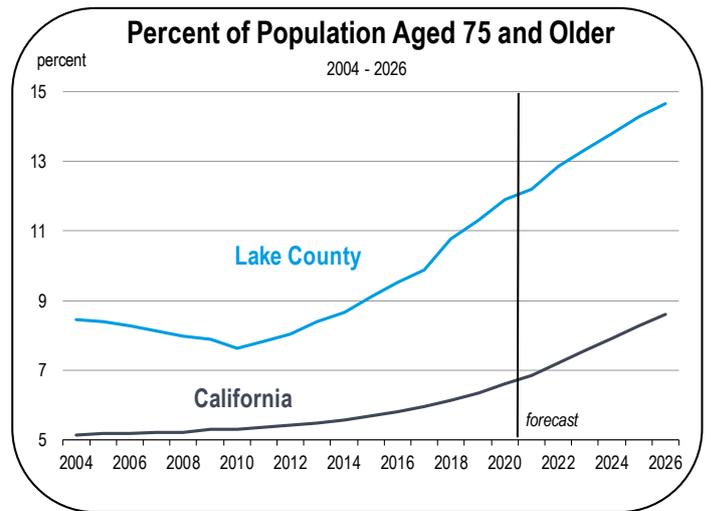
Clearlake

Lake County Economic Forecast

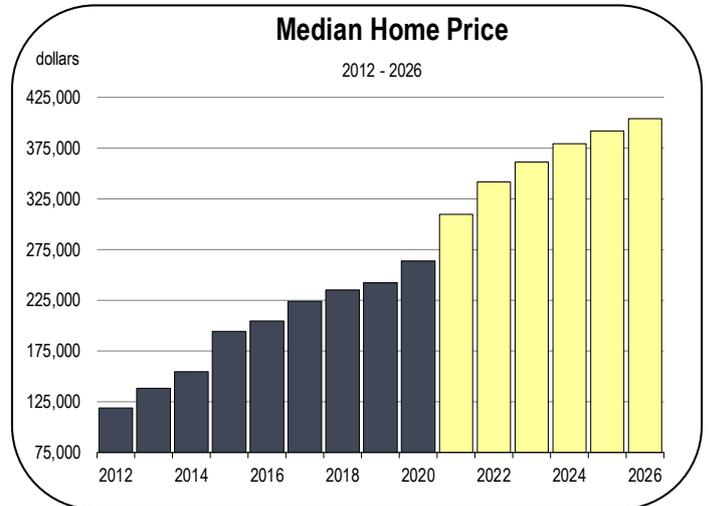
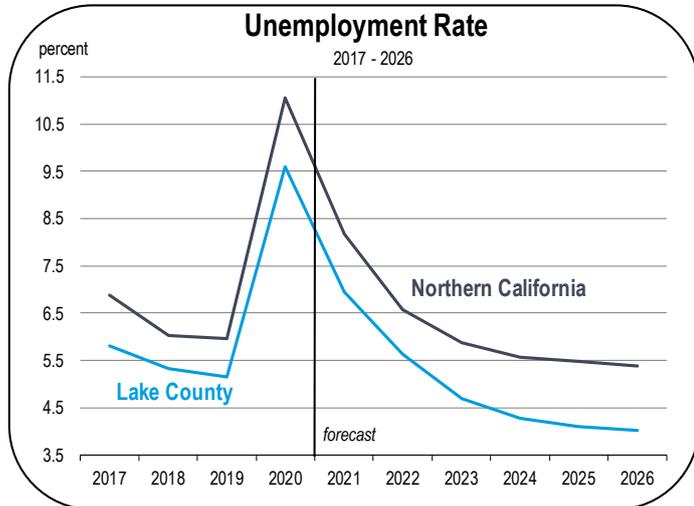


Population Growth

- The Lake County population is expected to decline between 2021 and 2026.
- The population has been declining slowly for the last decade, falling from 64,606 residents in 2010 to 62,940 in 2020.
- Over the last 10 years, the number of residents moving out of the county has exceeded the number moving in, and because Lake County has an older population base, deaths have exceeded births.
- Over the forecast period, the county will gain a small number of residents through the migration process, but deaths will continue to outnumber births, and the overall population will decline at an annual average rate of 0.2 percent per year from 2021 to 2026.



Lake County Economic Forecast



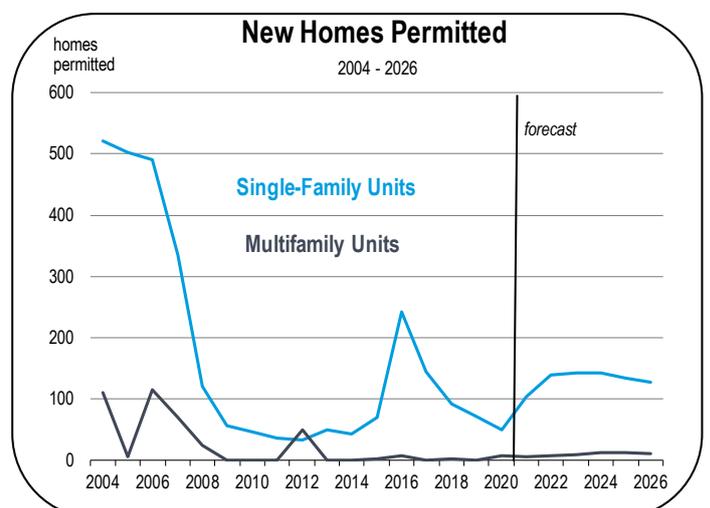
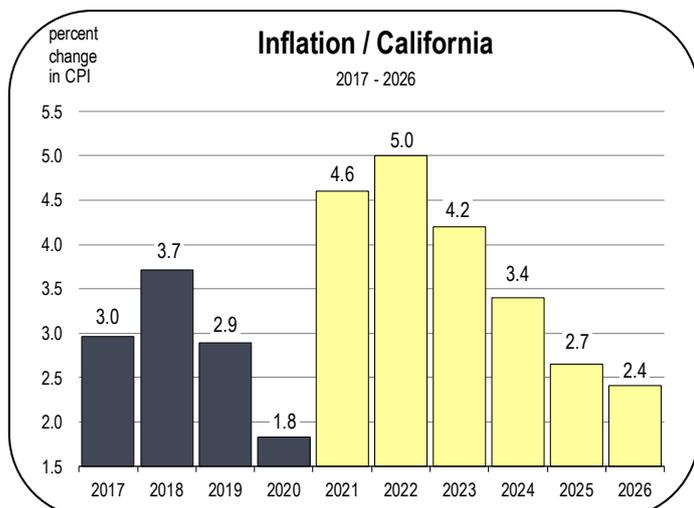
Unemployment and Inflation Rates

- The unemployment rate in Lake County averaged 9.6 percent in 2020.
- An unemployment rate below 6.0 percent signifies a fully employed workforce in Lake County.
- The unemployment rate is expected to average 7.0 percent in 2021 and 5.6 percent in 2022.
- Inflation decelerated sharply in 2020, largely because energy prices declined when the demand for fuels plunged.
- Inflation soared in 2021 and is expected to remain elevated for several years.
- Ultimately, inflation will reduce the purchasing power of households and negatively impact consumer confidence, limiting the growth potential of the economy in 2022.

- However, inflation will begin to decelerate as supply chains and the labor force are restored by the second half of the forecast period, eventually falling below 3 percent.

Home Prices and New Housing Production

- In 2020 the median home price in Lake County was \$263,600. The median price is expected to increase by 17 percent in 2021 as prices rise sharply across virtually every California market.
- In 2022, home selling values could increase by another 10 percent, but price appreciation should slow down in 2023 and 2024.
- From 2015 to 2020, an average of 114 new homes were started per year in Lake County. Virtually all were single-family homes.
- Housing production is expected to average 130 to 150 units per year from 2021 to 2026, consisting primarily of single-family homes.



Lake County Economic Forecast

Economic Indicators

2015-2020 History, 2021-2050 Forecast

	Population (people)	House- holds (thousands)	Net Migration (people)	New Homes Permitted (homes)	Registered Vehicles (thousands)	Personal Income (billions)	Taxable Retail Sales (millions)	Total Taxable Sales (millions)	Real Industrial Production (millions)	Real per Capita Income (dollars)	Unemployment Rate (percent)	Real Farm Production (millions)	Inflation Rate (percent)
2015	64,030	26.8	-248	71	88	\$2.5	\$401	\$575	\$290	\$43,913	7.6	\$116	1.4
2016	63,686	25.8	-212	250	90	\$2.5	\$445	\$593	\$280	\$44,521	6.8	\$122	2.3
2017	63,956	26.1	413	144	89	\$2.6	\$465	\$618	\$288	\$44,574	5.8	\$131	3.0
2018	63,933	26.2	55	93	89	\$2.7	\$486	\$614	\$300	\$44,942	5.3	\$117	3.7
2019	63,425	26.2	-339	71	91	\$2.9	\$518	\$654	\$277	\$45,758	5.2	\$108	2.9
2020	62,940	26.2	-354	56	92	\$2.9	\$515	\$668	\$278	\$46,384	9.6	\$104	1.8
2021	62,825	26.3	9	109	92	\$3.1	\$542	\$700	\$281	\$47,357	7.0	\$104	4.6
2022	62,680	26.3	3	147	91	\$3.2	\$562	\$729	\$284	\$47,678	5.6	\$104	5.0
2023	62,562	26.4	3	152	91	\$3.3	\$579	\$753	\$289	\$48,540	4.7	\$105	4.2
2024	62,511	26.5	89	154	91	\$3.4	\$595	\$774	\$288	\$49,323	4.3	\$105	3.4
2025	62,382	26.7	14	146	90	\$3.5	\$604	\$787	\$289	\$49,997	4.1	\$105	2.7
2026	62,241	26.8	-9	139	90	\$3.7	\$611	\$796	\$289	\$50,564	4.0	\$105	2.4
2027	62,037	26.9	-59	134	90	\$3.8	\$618	\$804	\$290	\$51,115	4.0	\$105	2.2
2028	61,838	27.0	-58	129	90	\$3.9	\$625	\$813	\$291	\$51,664	4.0	\$105	2.3
2029	61,701	27.1	-1	137	90	\$4.0	\$642	\$833	\$291	\$52,107	4.1	\$105	2.2
2030	61,555	27.2	-8	133	90	\$4.1	\$661	\$857	\$291	\$52,638	4.0	\$105	2.2
2031	61,428	27.3	5	133	91	\$4.2	\$675	\$877	\$291	\$53,159	4.1	\$105	2.3
2032	61,329	27.4	34	125	91	\$4.4	\$691	\$897	\$292	\$53,596	4.1	\$105	2.2
2033	61,266	27.5	67	125	91	\$4.5	\$706	\$916	\$293	\$54,129	4.1	\$105	2.0
2034	61,147	27.6	6	124	91	\$4.6	\$721	\$937	\$293	\$54,653	4.1	\$105	2.1
2035	61,013	27.7	-11	118	92	\$4.7	\$740	\$961	\$294	\$55,156	4.1	\$106	2.1
2036	60,827	27.8	-70	113	92	\$4.9	\$762	\$990	\$294	\$55,596	4.1	\$106	2.2
2037	60,599	27.9	-118	107	93	\$5.0	\$783	\$1,018	\$294	\$56,044	4.1	\$106	2.2
2038	60,434	28.0	-64	103	93	\$5.2	\$804	\$1,045	\$295	\$56,512	4.1	\$106	2.2
2039	60,272	28.0	-72	103	93	\$5.4	\$828	\$1,076	\$295	\$56,939	4.1	\$106	2.2
2040	60,109	28.1	-77	101	94	\$5.5	\$849	\$1,104	\$295	\$57,395	4.1	\$106	2.1
2041	60,029	28.2	-2	100	94	\$5.7	\$868	\$1,129	\$296	\$57,873	4.1	\$106	2.2
2042	59,993	28.3	29	103	95	\$5.9	\$888	\$1,154	\$297	\$58,363	4.1	\$106	2.1
2043	59,918	28.4	-19	102	95	\$6.0	\$908	\$1,181	\$298	\$58,870	4.1	\$106	2.0
2044	59,859	28.4	-16	98	95	\$6.2	\$924	\$1,202	\$299	\$59,398	4.1	\$106	2.2
2045	59,821	28.5	-9	96	95	\$6.3	\$944	\$1,228	\$300	\$59,880	4.1	\$106	2.2
2046	59,807	28.6	5	95	95	\$6.5	\$965	\$1,255	\$301	\$60,302	4.1	\$106	2.2
2047	59,761	28.7	-41	93	96	\$6.7	\$986	\$1,283	\$301	\$60,670	4.1	\$107	2.2
2048	59,787	28.7	18	89	96	\$6.9	\$1,011	\$1,315	\$302	\$60,924	4.1	\$107	2.3
2049	59,787	28.8	-18	90	96	\$7.1	\$1,034	\$1,345	\$302	\$61,301	4.1	\$107	2.0
2050	59,813	28.9	-4	86	96	\$7.2	\$1,058	\$1,377	\$303	\$61,641	4.1	\$107	2.1

Employment Sectors

2015-2020 History, 2021-2050 Forecast

	Total Wage & Salary	Farm	Construction	Manufac- turing	Transportation & Utilities	Wholesale & Retail Trade (jobs)	Financial Activities	Professional Services	Information	Health & Education	Leisure	Government
2015	15,910	1,055	495	327	528	2,337	378	527	128	4,353	1,074	4,181
2016	16,340	1,084	627	337	513	2,348	381	568	123	4,401	1,122	4,322
2017	16,780	1,035	716	331	546	2,337	387	623	115	4,594	1,162	4,383
2018	16,790	978	798	358	540	2,339	373	626	102	4,627	1,173	4,330
2019	17,040	1,028	863	373	569	2,372	355	638	97	4,693	1,191	4,321
2020	16,100	971	857	353	536	2,289	347	635	68	4,513	1,029	3,974
2021	16,690	1,001	871	367	545	2,280	342	654	69	4,806	1,086	4,134
2022	16,930	1,007	891	380	551	2,319	339	670	70	4,823	1,138	4,208
2023	17,180	1,011	903	390	556	2,331	337	688	71	4,914	1,169	4,269
2024	17,350	1,009	911	380	558	2,334	336	702	72	4,989	1,194	4,332
2025	17,440	999	902	375	560	2,325	336	716	72	5,052	1,214	4,348
2026	17,540	988	886	371	562	2,313	335	730	72	5,135	1,221	4,395
2027	17,650	978	876	371	563	2,304	335	743	72	5,221	1,228	4,427
2028	17,750	968	859	371	564	2,294	335	756	72	5,312	1,234	4,452
2029	17,880	969	853	371	565	2,293	335	768	72	5,403	1,237	4,476
2030	18,010	971	849	371	565	2,298	336	779	71	5,490	1,240	4,505
2031	18,130	972	847	372	565	2,298	336	790	71	5,582	1,243	4,515
2032	18,240	974	834	372	565	2,298	337	800	71	5,673	1,248	4,535
2033	18,360	975	817	372	566	2,300	338	809	71	5,766	1,252	4,553
2034	18,460	976	798	372	566	2,301	339	819	71	5,859	1,257	4,561
2035	18,550	978	776	372	567	2,303	340	828	71	5,952	1,261	4,564
2036	18,640	979	763	372	567	2,306	341	836	71	6,041	1,266	4,559
2037	18,720	981	744	372	568	2,307	342	844	71	6,139	1,270	4,547
2038	18,810	983	732	372	568	2,308	343	851	71	6,231	1,275	4,537
2039	18,900	984	727	372	568	2,309	344	858	71	6,325	1,279	4,525
2040	18,990	986	723	372	569	2,309	346	864	71	6,415	1,283	4,519
2041	19,080	987	721	372	569	2,309	347	869	71	6,509	1,288	4,502
2042	19,180	989	721	372	569	2,310	349	874	71	6,598	1,292	4,496
2043	19,270	990	721	372	569	2,313	350	880	71	6,684	1,296	4,485
2044	19,350	991	720	372	570	2,312	352	885	71	6,768	1,301	4,473
2045	19,430	992	719	372	570	2,314	353	889	71	6,847	1,305	4,462
2046	19,510	994	718	372	571	2,315	355	893	71	6,925	1,309	4,452
2047	19,570	995	707	372	570	2,315	356	897	71	7,001	1,313	4,438
2048	19,640	997	700	372	570	2,316	357	900	71	7,072	1,318	4,430
2049	19,710	998	697	372	569	2,318	359	903	71	7,142	1,322	4,418
2050	19,770	999	694	372	570	2,320	360	905	71	7,209	1,326	4,408

Lake County Economic Forecast

Socioeconomic Indicators

